

Service Date: June 8, 1992

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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| In the Matter of the Application) | |
| of PACIFICORP for authority to) | |
| issue and exchange not more than) | UTILITY DIVISION |
| \$100,000,000 of its Auction) | DOCKET NO. 92.5.26 |
| Rate Preferred Stock.) | DEFAULT ORDER NO. 5627 |

On May 22, 1992, PacifiCorp (the "Company"), a corporation organized and existing under and by virtue of the laws of the State of Oregon and qualified to transact business in Montana, filed with the Montana Public Service Commission its verified application, pursuant to Sections 69-3-501 through 69-3-507, MCA, requesting an order authorizing the Company to issue and exchange not later than June 30, 1992, shares of its Dutch Auction Rate Transferrable Securities No Par Serial Preferred Stock, Series A-1 (the "New Series A-1 DARTS") and Series B-1 (the "New Series B-1 DARTS" and, collectively with the New Series A-1 DARTS, the "New DARTS") with an aggregate preference on liquidation of \$100,000,000.

The application is supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of the issuance of securities by electric and gas utility companies operating within Montana.

For detailed information with respect to the general character of the Company's business and the territories served by it, reference is made to its annual reports on file with the Commission.

The application sets forth Counsel who will pass upon the legality of the proposed issuance, the other regulatory authorizations required, and the propriety of the proposed issue.

At a regular open session of the Montana Public Service Commission held in its offices at 1701 Prospect Avenue, Helena, Montana, on June 8, 1992, there came before the Commission for

final action the matters and things in Docket No. 92.5.26, and the Commission, having fully considered the application and all the data and records pertaining to it on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS

1.The Company is a corporation organized and existing under and by virtue of the laws of the State of Oregon and is qualified to transact business in the State of Montana.

2.The Company is operating as a public utility as defined in Section 69-3-101, MCA, and is engaged in furnishing electric service in Montana.

3.The Company was incorporated under Oregon law in August 1987 for the purpose of facilitating consummation of a merger with Utah Power & Light Company, a Utah corporation, and changing the state of incorporation of PacifiCorp from Maine to Oregon. The Company uses the assumed business name of either Pacific Power & Light Company or Utah Power & Light Company within their respective service territories located in the states of California, Idaho, Montana, Oregon, Utah, Washington and Wyoming.

4.The Commission has jurisdiction over the subject matter of the application under Section 69-3-102, MCA.

5.Notice of the application was published as a part of the Commission's regular weekly agenda.

6.The Company proposes to issue and exchange not later than June 30, 1992, 500 shares of its New Series A-1 DARTS and 500 shares of its New Series B-1 DARTS with an aggregate preference on liquidation of \$100,000,000.

7.The New Series A-1 DARTS will be issued in exchange for the Company's currently outstanding shares of its Dutch Auction Rate Transferrable Securities No Par Serial Preferred Stock, Series A (the "Old Series A DARTS") and the New Series B-1 DARTS will be issued in exchange for the Company's currently outstanding shares of its Dutch Auction Rate Transferrable Securities No Par Serial Preferred Stock, Series

B (the "Old Series B DARTS" and, collectively with the Old Series A DARTS, the "Old DARTS"), in each case on a share-for-share basis pursuant to an exchange offer. The issuance of the Old DARTS was authorized by the Public Service Commission of Montana under Docket No. 87.3.11.

8.The dividend rate on the New DARTS will be determined in accordance with the auction procedures described in the Company's application. Dividends on the shares of the New DARTS will be cumulative from the date of original issue and will be payable when and as declared by the Company's Board of Directors. The dividends for each dividend period after the initial dividend period will be payable on the last day of successive 49-day periods, subject to certain exceptions.

9.The New DARTS will be issued pursuant to the Company's Second Restated Articles of Incorporation, as amended; will constitute new series of a class of the Company's authorized preferred stock; and will have substantially the same rights, terms and characteristics as the Old DARTS, except that (i) the Maximum Applicable Rate (as described in the Application) on the New DARTS that results from an auction for any dividend period will not be greater than a percentage (ranging from 120% to 250%, based on the prevailing rating of the New DARTS) multiplied by the 60-day "AA" Composite Commercial Paper Rate in effect on the date of the auction (in contrast to the maximum applicable rate on the Old DARTS ranging from 110% to 175%, based on the prevailing rating of the Old DARTS, of the 60-day "AA" Composite Commercial Paper Rate in effect on the date of an auction), and (ii) the initial per share dividend payable on the New Series A-1 DARTS will be paid on August 10, 1992 and will equal the initial per share dividend which would have been paid on the Old Series A DARTS on such date and the initial per share dividend payable on the New Series B-1 DARTS will be paid on July 13, 1992 and will equal the initial per share dividend which would have been paid on the Old Series B DARTS on such date. The rights, terms and characteristics of the Old DARTS are set forth in the Second Restated Articles of Incorporation, as amended.

10.The New DARTS will be issued in exchange for the Old

DARTS not later than June 30, 1992. The New DARTS are perpetual, but are subject to redemption at the option of the Company.

11. Expenses associated with the proposed exchange transaction are estimated to be \$250,000. In addition, the Company will continue to pay an annual remarketing fee of 0.25% in subsequent auctions of the New DARTS.

12. The proposed exchange transaction will result in no cash proceeds to the Company.

13. The Company proposes to issue shares of the New DARTS for the purpose of discharging or refunding the Company's obligations under the Old DARTS. The Company's obligations under the Old DARTS were originally incurred for the purpose of reimbursing the Company's treasury for funds expended from income and from other treasury funds that were not derived from the issuance of securities. The funds expended were used in furtherance of one or more of the utility purposes authorized by Section 69-3-501 MCA. To the extent that the funds to be reimbursed were used for the discharge or refunding of obligations, those obligations or their precedents were originally incurred in furtherance of a utility purpose.

14. The proposed issuance and exchange of the New DARTS are part of an overall plan to finance the cost of the Company's facilities taking into consideration prudent capital ratios, earnings coverage tests and markets uncertainties as to the relative merits of the various types of securities the Company could sell. The Company believes that the proposed increase in the Applicable Maximum Rate on the New DARTS will enhance the auction process for the New DARTS and facilitate the realization of the lowest possible dividend rate on these securities.

15. The issuance of an order authorizing the proposed issuance and exchange does not constitute agency determination/approval of any issuance-related ratemaking issues which issues are expressly reserved until the appropriate proceeding.

CONCLUSIONS OF LAW

1.The proposed issuance and exchange of the New DARTS to which the application relates will be for lawful objects within the corporate purposes of the Company. The method of issuance and exchange is proper.

2.The application should be approved.

ORDER

IT IS THEREFORE ORDERED by the Commission that:

1.The application of the Company filed on May 22, 1992, for authority to issue and exchange not later than June 30, 1992, shares of its Dutch Auction Rate Transferable Securities No Par Serial Preferred Stock, Series A-1 and Series B-1, with an aggregate preference on liquidation of not more than \$100,000,000, pursuant to Sections 69-3-501 through 69-3-507, MCA, for the purpose described in the application, is approved.

2.PacifiCorp shall file the following as they become available:

- a. The "Report of Securities Issued" required by 18 CFR 34.10.
- b. Verified copies of any agreement entered into in connection with the issuance of Preferred Stock pursuant to this order.
- c. A verified statement setting forth in reasonable detail the disposition of the proceeds of each offering made pursuant to the order.

3.Issuance of this order does not constitute acceptance of the Company's exhibits or other material accompanying the application for any purpose other than the issuance of this order.

4.Approval of the transaction authorized shall not be construed as precedent to prejudice any future action of this Commission.

5.Section 69-3-507, MCA, provides that neither the issuance of securities by the Company pursuant to the provisions of this order, nor any other act or deed done or performed in connection with the issuance, shall be construed

to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, or guaranteed.

6.This order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana, this 8th day of June, 1992, by a vote of 5 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DANNY OBERG, Chairman

WALLACE W. "WALLY" MERCER, Vice Chairman

BOB ANDERSON, Commissioner

JOHN B. DRISCOLL, Commissioner

TED C. MACY, Commissioner